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DATA SUPPLEMENT
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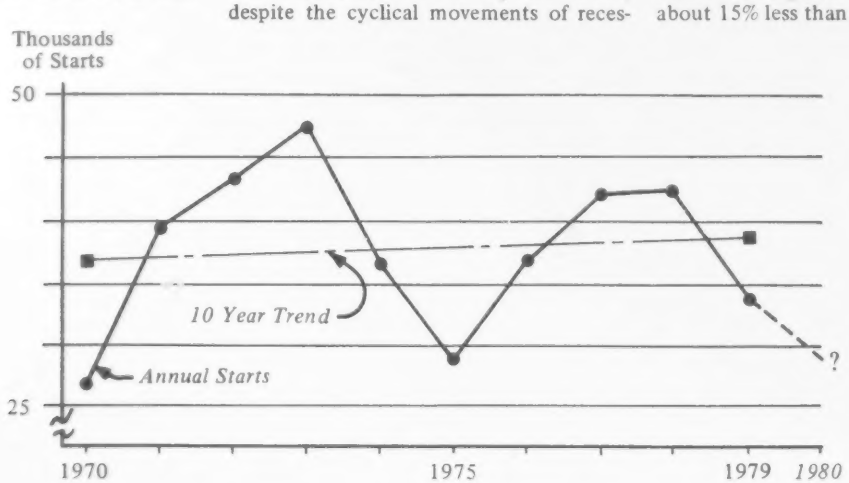
INDIANA HOUSING STARTS

High mortgage interest rates are once again depressing housing construction throughout the nation and the state. Indiana closed 1979 with 33,800 housing starts, the third lowest year of the decade. Only 1970 and 1975, both years of slow business activity and (relatively) high interest rates, were lower in the number of units started in the state.

The 1979 decline in housing starts in Indiana was more severe than in the nation as a whole. In the Hoosier state starts were off by nearly 21% from 1978 levels, compared to a national decline of 14%. The slowness of the Indiana housing market could be another consequence of the decline in domestic automobile production.

In the decade of the 1970s, 378,500 housing starts were reported for Indiana. The peak year was 1973 with 47,800 starts; the low occurred in 1970 with 26,900 starts. (See accompanying chart.) The decade showed an upward trend, despite the cyclical movements of recessions and recoveries, of approximately 210 units annually. A casual study of the past decade indicates that a one percent increase in new home mortgage rates nationally has meant a decline of 2,400 units started in Indiana. Mortgage rates in the state this year are expected to be higher than those in 1979; thus, the 1980s are likely to begin with another decrease in housing starts. A tentative, perhaps optimistic, forecast would put 1980 housing starts below 29,000, or about 15% less than 1979.



Indiana Housing Starts 1970-79

TRENDS IN EARNINGS

Average weekly earnings in Indiana manufacturing reached a nominal January high of $328.43 this year. That figure was $16.72 above the weekly figure a year ago before adjustment for inflation. If the Consumer Price Index is used to deflate those gains, the real average weekly earnings of Indiana manufacturing workers fell by $23.23 from the 1979 level for January.

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Average January Weekly Earnings of Indiana Manufacturing Workers

Year	*Nominal Amount*	*1975 dollars*	*Annual percent change in real income*
1975	$208.82	$208.82	–
1976	235.89	220.85	5.8
1977	248.68	221.36	+0.2
1978	281.76	234.58	+6.0
1979	311.71	237.35	+1.2
1980	328.43	219.66	−7.5

This issue was prepared by Morton J. Marcus, research economist; Scott Bowman, William Keenan, Sue Mueller and Louis West, research assistants; Roberta Berry, editor; Mary Lynn Jedlicka, proof and layout; Karen Scott, typesetter; and Robert Wagner, art and pasteup.

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The table on page 1 indicates that the gains in real income made by Indiana workers from 1976 to 1979 were eroded by price increases and poorer economic conditions in the past year. It should be noted that each year except the last, Indiana manufacturing workers have made real gains despite continued inflation. The erosion in income gains, as measured by the Consumer Price Index, does tend to overstate the case. The national CPI does not clearly reflect the buying patterns and prices faced by Hoosier workers. In the absence of alternative figures, however, the CPI is still widely used. On the basis of these calculations, the weekly buying power of Hoosier manufacturing workers has increased by less than $11 (before taxes) since the low of the last recession. If federal tax increases were included, it is doubtful that any increase would be noted.

TRENDS IN EMPLOYMENT

January is usually the low month in the year for employment in Indiana. Over the past decade January's non-agricultural employment figures for the state have averaged 2.8% below the annual averages. This January of 1980 reported employment was at a historic high of 2,208,700 for Indiana.

Since 1970, employment has increased by 365,100 or 19.8% in the Hoosier state. For the same period, national employment grew by 27.2%. This lag in the growth of jobs, compared to the nation, equaled approximately 136,000 jobs for Indiana workers. But with the nation in the midst of a slow period of domestic automobile sales, the current figures may overstate Indiana's lagging performance.

The difference in Indiana's growth of employment during the 1970s and that recorded by the nation in the same period exceeded the combined differences of the two preceding decades. (See accompanying table.) During the 1960s, in a robust era of employment growth, the state was about one percentage point behind the nation. The 1970s were more like the 1950s, but the difference between Indiana's and the nation's employment growth was greater in this last decade.

Percent Change in Employment by Decade

	Indiana	*United States*	*Difference (Ind–U.S.)*
1950-1960	19.3	24.3	–5.0
1960-1970	30.5	31.4	–0.9
1970-1980	19.8	27.2	–7.4

Since the recession of 1974-75, Indiana's growth of employment has been 15.1% or 291,000 jobs, so the Hoosier rate has been slower than the nation's 17.2% growth of jobs for the same period.

MAN-HOURS IN INDUSTRIAL PRODUCTION

	United States (Seasonally Adjusted Data)				Indiana (Seasonally Adjusted Data)			
	Latest Month	(millions)	*Percent Change From One Month Ago*	*One Year Ago*	*Latest Month*	(thousands)	*Percent Change From One Month Ago*	*One Year Ago*
Manufacturing	**Jan.**	**844.4**	**0.5**	**–0.8**	**Jan.**	**29,273.8**	**1.8**	**– 6.8**
Food	Jan.	70.5	–2.0	–1.8	Jan.	1,548.0	0.1	– 4.5
Apparel and textiles	Jan.	83.9	1.1	–0.1	Jan.	461.2	3.6	– 3.3
Lumber and wood	Jan.	29.3	1.5	–4.8	Jan.	931.8	6.8	– 2.2
Furniture	Jan.	19.1	2.1	–2.3	Jan.	933.6	6.2	1.6
Paper	Jan.	31.0	1.2	2.2	Jan.	631.8	2.5	0.2
Printing	Jan.	48.4	2.3	4.9	Jan.	1,243.0	– 0.5	3.0
Chemicals	Jan.	46.9	0.3	0.8	Jan.	1,258.3	2.5	4.1
Petroleum and products	Jan.	9.5	–0.4	3.6	Jan.	169.9	–12.1	–14.2
Rubber and plastics	Jan.	30.0	1.3	–6.2	Jan.	1,386.5	0.5	–13.9
Stone, clay and glass	Jan.	29.5	0.5	–0.4	Jan.	1,069.6	1.7	– 3.8
Primary metals	Jan.	48.8	–1.0	–7.9	Jan.	4,335.5	–0.5	–10.1
Fabricated metals	Jan.	71.1	0.9	–1.1	Jan.	2,813.1	10.7	2.7
Nonelectrical machinery	Jan.	104.8	3.1	1.6	Jan.	3,318.0	2.5	– 4.1
Electrical machinery	Jan.	87.9	1.3	4.2	Jan.	4,566.3	1.5	– 2.1
Transport equipment	Jan.	81.2	–1.0	–8.6	Jan.	3,639.0	0.0	–25.5

UNITED STATES BUSINESS INDICATORS

Quarterly Data

	Seasonally Adjusted at Annual Rates ($ billions)				*Percentage Change at Annual Rates*			
	Latest Quarter		*Previous Quarter*	*One Year Ago*	*Latest Quarter*		*Previous Quarter*	*One Year Ago*
Gross national product (GNP)	1979:4	2,459.4	2,396.5	2,235.2	1979:4	10.9	12.0	14.8
GNP ($1972)	1979:4	1,440.7	1,433.3	1,426.6	1979:4	2.1	3.1	5.6
GNP potential level ($1972)	1979:2	1,460.1	1,449.4	1,417.7	1979:2	3.0	3.0	3.0
Government purchases	1979:4	501.2	477.8	453.8	1979:4	21.1	10.0	12.2
Personal consumption expenditures	1979:4	1,581.2	1,528.6	1,415.4	1979:4	14.5	15.1	14.2
Private domestic investment	1979:4	387.5	392.3	370.5	1979:4	– 4.8	– 3.1	17.1
Corporate profits before tax	1979:3	242.3	227.9	212.0	1979:3	27.8	– 8.9	9.6
Change in business inventories	1979:4	6.7	14.5	20.6	1979:4	–	–	–
Federal surplus–deficit (NIA)	1979:3	– 11.3	– 7.0	– 20.4	1979:3	–	–	–

UNITED STATES BUSINESS INDICATORS (continued)

Monthly Data

	Current Levels or Annual Rates				*Percentage Change at Annual Rates*			
	Latest Month		*Previous Month*	*One Year Ago*	*Latest Month*		*Previous Month*	*One Year Ago*
All urban consumer price index[1]	Jan.	233.8	230.6	205.4	Jan.	18.0	15.8	11.8
All urban CPI–food[1]	Jan.	244.8	244.8	225.3	Jan.	–	18.3	18.1
Mobile home shipments[2]	Dec.	241.0	251.0	303.0	Dec.	–38.6	–84.4	157.9
Mortgages–outstanding[3]	Jan.	476.4	475.8	435.4	Jan.	1.5	2.9	7.4
Mortgages–new issues[3]	Jan.	46.7	64.5	80.1	–	–	–	–
Mortgage rate–new issues[4]	Jan.	11.9	11.6	10.2	–	–	–	–
Prime rate business loans[4]	Feb.	15.6	15.3	11.8	–	–	–	–

[1] Base period: 1967 = 100
[2] Thousands of units
[3] $ billions, all savings and loan associations
[4] Percent

NOTE: **Wholesale price index** does not appear in this issue of the *Data Supplement*. The Bureau of Labor Statistics has discontinued this seasonally adjusted index because it no longer reflects any noticeable seasonal variations.

Money supply and **Money supply plus time deposits** also do not appear in this issue of the *Data Supplement*. The Federal Reserve Board of Governors discontinued these series on February 8, 1980. Approximate replacements will be forthcoming.

UNITED STATES–INDIANA BUSINESS INDICATORS*

(Seasonally adjusted indexes unless otherwise noted; base period: 1967 = 100)

	United States				*Indiana*			
	Latest Month		*Previous Month*	*One Year Ago*	*Latest Month*		*Previous Month*	*One Year Ago*
EMPLOYMENT								
Nonagricultural employment	Jan.	137.6	137.1	134.4	Jan.	127.0	126.8	126.0
Manufacturing employment	Jan.	107.3	107.4	107.8	Jan.	100.0	100.4	106.9
Average weekly hours (No.)†	Jan.	39.9	41.0	40.1	Jan.	40.2	40.9	40.8
Average weekly earnings ($)†	Jan.	277.31	285.36	260.25	Jan.	328.43	330.06	311.71
Nonmanufacturing employment	Jan.	150.3	149.7	145.6	Jan.	144.0	144.3	138.7
Unemployment–married males (%)	Jan.	6.2	5.9	5.8	–	–	–	–
Continued unemployment claims	Jan.	3.4	2.8	2.6	Jan.	325.7	315.3	174.7
PRODUCTION								
Bituminous coal production	Dec.	150.9	140.0	147.7	–	–	–	–
Industrial electricity production	Oct.	154.7	155.1	154.8	–	–	–	–
Industrial electricity sales	–	–	–	–	Jan.	167.9	108.5	174.2
Manufacturing production	Jan.	153.3	152.9	152.5	Jan.	–	148.0	–
Raw steel production	Jan.	103.0	102.7	107.1	Jan.	123.0	121.4	115.7
CONSTRUCTION								
Construction activity–total	Jan.	317.7	312.7	274.1	Jan.	265.7	297.0	434.4
Residential housing starts	Jan.	110.5	118.1	134.4	Jan.	104.5	79.4	213.5
Residential expenditures	Jan.	391.2	395.1	369.3	Jan.	312.9	351.9	326.3
Nonresidential expenditures	Jan.	281.9	272.5	227.6	Jan.	228.2	226.9	176.4
Public expenditures	Jan.	222.2	203.1	181.0	–	–	–	–
Public works and utilities	–	–	–	–	Jan.	274.5	304.1	914.6
OTHER INDICATORS								
Personal income per capita ($)	Nov.	9,045.4	8,949.9	8,204.8	1979:3	8,595.0	8,428.0	7,774.0
Passenger car sales (thousands)†	Jan.	806.0	733.0	784.0	Dec.	15.5	17.6	17.0
Year to date (thousands)	Jan.	806.0	10,671.0	784.0	Dec.	251.3	235.9	273.7

*Current indicators are preliminary and subject to revision
†Not seasonally adjusted

SOURCES: Data on Indiana construction from McGraw-Hill Information Systems Company; Indiana passenger car registration from R. L. Polk & Co.; indexes of raw steel production for the United States and Indiana courtesy of American Iron and Steel Institute, Washington, D.C.; all other data from U.S. and Indiana government agencies and Division of Research, School of Business, Indiana University.

INDIANA LOCAL INDICATORS

(Seasonally adjusted indexes; base period: 1967 = 100)

	Continued Unemployment Claims			*Industrial Electricity Sales*		
Reporting Cities	*Jan. 1980*	*Dec. 1979*	*Jan. 1979*	*Jan. 1980*	*Dec. 1979*	*Jan. 1979*
Anderson	617.2	642.1	179.8	92.2	127.4	156.8
Bedford	141.8	155.0	92.3	202.5	231.7	251.7
Bloomington	151.2	161.1	130.0	80.3	82.4	87.5
Columbus	173.4	163.2	87.1	155.2	164.8	176.4
Connersville	246.2	314.7	94.7	122.5	112.9	148.5
Crawfordsville	868.5	776.7	518.8	199.4	190.4	202.8
East Chicago*	296.5	304.6	150.8	93.0	88.3	88.7
Elkhart	454.7	492.3	196.5	167.6	153.2	164.3
Evansville	127.3	118.5	90.0	151.1	136.1	373.1
Fort Wayne	261.7	277.5	110.2	94.2	99.9	115.9
Frankfort	587.7	514.1	334.2	160.8	168.0	177.4
Gary	206.0	219.8	61.5	152.1	164.2	173.2
Goshen	–	–	–	189.8	202.0	222.2
Hammond*	–	–	–	213.1	207.0	193.7
Huntington	392.3	385.8	181.7	121.4	143.6	142.4
Indianapolis	62.6	62.3	55.5	147.6	139.5	154.7
Jeffersonville	–	–	–	160.4	152.0	148.4
Kokomo	555.3	497.4	151.9	200.8	172.7	223.0
Lafayette	440.5	456.9	250.2	252.8	258.5	236.5
LaPorte	299.6	301.3	213.1	185.5	198.9	199.0
Logansport	247.8	346.9	124.4	199.4	206.7	205.9
Madison	420.8	402.9	271.8	142.0	140.8	153.8
Marion	293.2	386.5	166.2	114.1	114.3	129.5
Michigan City	283.8	328.6	182.1	835.8	777.8	197.4
Muncie	198.0	192.6	104.6	95.5	95.0	108.9
New Albany	477.5	439.5	376.8	114.8	117.6	119.1
New Castle	428.5	574.4	202.4	144.7	136.9	186.1
Peru	262.3	319.2	74.1	181.5	205.7	210.5
Richmond	243.2	232.7	206.7	138.8	132.4	152.0
Seymour	458.8	384.2	136.2	151.8	147.6	135.2
South Bend	286.0	268.6	155.1	122.8	117.3	125.5
Terre Haute	250.0	263.3	175.6	199.8	187.4	200.3
Valparaiso	–	–	–	193.8	203.2	200.4
Vincennes	143.5	150.3	102.2	118.9	139.7	122.7
Wabash	393.2	577.7	78.9	142.5	158.9	176.4

*Continued unemployment claims of East Chicago and Hammond are combined.

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